

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**December 6, 2022**

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The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (BFSA) held on Tuesday, December 6, 2022. The Board met in compliance with New York State Executive Order 11.8. The meeting was called to order at 1:01 PM.

**Board Members Present**

Chair R. Nils Olsen, Jr.  
Interim Vice-Chair Jeanette Jurasek  
Secretary Frederick G. Floss  
Director Andrew A. SanFilippo  
Mayor Byron W. Brown (proxy Dowell)  
County Executive Mark C. Poloncarz (proxy Cornell)

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Analyst II/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita M. Fortune  
Comptroller Claire A. Waldron

**Additionally Present**

Richard A. Grimm, III, Esq., Magavern Magavern & Grimm LLP  
William Ferguson, City Auditor, City of Buffalo

**Opening Remarks**

Chair Olsen welcomed everyone to the December board meeting. He reviewed the meeting agenda and asked for the roll to be called.

**Roll Call of the Directors**

Secretary Floss called the roll. A quorum being present, the meeting commenced.

Erie County Deputy Budget Director Mark Cornell represented Erie County Executive Mark C. Poloncarz in accordance with Subdivision 1 of §3853 of the BFSA Act.

City of Buffalo Commissioner of Finance, Administration, Policy, and Urban Affairs Delano Dowell represented City of Buffalo Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: "...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in [their] place, meetings of the Authority and to vote or otherwise act in [their] behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the single designee...."

### **Approval of Minutes**

Chair Olsen introduced Resolution No. 22-25, “Approving Minutes and Resolutions from September 21, 2022.”

Secretary Floss made a motion to approve.

Chair Olsen seconded the motion.

The Board voted 5-0 to approve Resolution No. 22-25.

### **BFSA Items**

Chair Olsen advanced the agenda and stated the Governance Committee met earlier in the day and recommended the approval of the following items:

1. 2023 BFSA Board Meeting Calendar
2. 2023-24 Minority and Women-Owned Business Enterprise (“MWBE”) Goal Plan
3. 2023-24 Service-Disabled Veteran-Owned Business Development (“SDVOB”) Goal Plan

Secretary Floss made a motion to approve Resolution No. 22-26, “Adoption of a BFSA Board of Director Regular Meeting Schedule for Calendar Year 2023.”

Chair Olsen seconded the motion.

The Board voted 5-0 to approve.

Secretary Floss made a motion to approve Resolution No. 22-27, “Approval of 2023-24 MWBE Master Goal Plan.”

Chair Olsen seconded the motion.

The Board voted 5-0 to approve.

Secretary Floss made a motion to approve Resolution No. 22-28, “Approval of the 2023-24 SDVOB Master Goal Plan.”

Chair Olsen seconded the motion.

The Board voted 5-0 to approve.

Chair Olsen advanced the agenda to review City of Buffalo items.

## **City of Buffalo (“City”) Items**

### *Review of Capital Budget and related 2023-2027 Capital Improvements Program*

Principal Analyst Link began his presentation stating the capital budget includes a recommended \$32.3M in City projects; \$26.0M in projects to be sold and \$6.3M to be authorized but unissued.

Requested financing of \$26.0M is categorized as follows:

- City buildings \$7.3M, or 28%;
- Infrastructure \$9.2M, or 35%;
- Vehicles and Safety Equipment \$4.1M, or 16%;
- Economic development and cultural \$2.0M, or 8%;
- Demolition and tree management \$1.5M, or 6%;
- Parks \$1.9M, or 7%

The City of Buffalo Comptroller’s current year recommended limit for financing is \$26.0M. The total amount remaining of authorized but unissued projects is \$15.6M prior to the 2022-23 Capital Budget and is estimated to be \$18.9M after bond sale. Approximately \$0.4M are provided for in the out-years of the Capital Improvements Program with the remaining balance of \$18.5M to be provided for beyond the current plan. There remains \$1.5M in budgeted and unauthorized projects.

Principal Analyst Link reviewed capital borrowing levels since 2011 and bond proceeds remaining.

### **Summary**

- No projects are included for the District as the District is currently using savings from refunding’s of the Joint School Construction Board Debt. \$23.5M is remaining for capital projects.
- Bonding for ongoing general operations include \$1.0M tree removal and planting \$0.5M demolitions. These routine operational projects limit the bonding capacity and currently represents 5.8% of the total proposed 2023 borrowing.
  - The BFSFA recognizes the fiscal pressure such projects would place if funded on a pay-as-you-go basis
- The City has received an unprecedented amount of federal dollars and has tentatively earmarked \$154.9M of those funds for capital investments.
- A schedule on planned capital projects funded through American Recovery Plan Act (“ARPA”) was reviewed.

Secretary Floss asked what interest rate the City will be borrowing at and are the projects expected to last for several years.

Director SanFilippo joined the meeting at 1:09PM.

Executive Director Robe responded that the bond market has been volatile. While it is not possible to predict interest rates at the point of sale the anticipation, it is likely the market volatility will continue. The City's approach to borrowing has not changed and the City continues to borrow up to the limit annually.

Director SanFilippo asked for clarity on whether the City should issue more debt in light of receiving additional federal rescue funding in addition to the remaining unspent proceeds from previous bond sales. Mayor Brown's proxy, Delano Dowell, Commissioner of Finance responded that an analysis is completed by the office of the City Comptroller and the drawdown is projected over several years. City Accountant William D. Ferguson stated any unspent bond proceeds are used to pay down debt service.

Executive Director Robe provided the following comments:

- Our first recommendation relates to future planning of the \$18.9M projects that have not been listed on the borrowing plan for the next five years. Only a small portion of this amount (\$0.4M) is included over the four out-years of the capital plan, and it's unclear when or how these projects will be financed or funded, or what the timing of the projects will be. We recommend the capital plan consider all authorized but unissued projects, and this may require looking past the five-years that are included in the capital plan. Recognizing the limited capacity to borrow under the cap, we continue to advise the City to eliminate ongoing operating expenses gradually from the capital borrowing process such as tree trimming and removal.
- The City was awarded substantial funding for infrastructure projects through ARPA. The funds must be obligated by December 31, 2024 and disbursed by December 31, 2026. It is recommended that the City establish strategic benchmarks and revise the timetable as necessary for completion by the deadline.
- The final recommendation is that the City strongly consider leveraging BFSA's higher credit rating, as the higher rating equates to lower interest costs for the City and provides a mitigating risk factor to the City in such a volatile market.

Hearing no additional comments, Chair Olsen asked for a motion to approve the BFSA recommendations and forward them to the City Administration.

Secretary Floss made the motion as requested.

Chair Olsen seconded the motion.

Chair Olsen asked if the City has strongly considered leveraging the BFSA higher credit rating. Executive Director stated no movement has been made to date. The board voted 6 to 0 to approve the motion.

Interim Vice-Chair Jurasek asked if the Buffalo Common Council (“Council”) had reviewed or commented on the 2023 Capital Budget. Executive Director Robe replied Council has until December 15, 2022 to approve the Capital Budget and the BFSFA recommendation will be forwarded to Council for review; however, formal responses are not generally received from Council. Council has made it clear that they would like to advocate for early termination of the BFSFA once the current outstanding bonds are fully paid in 2025.

Chair Olsen asked if a savings analysis has been completed. Executive Director Robe stated an analysis could be run after the Council finishes their review of the capital budget; the information can be gathered from the Comptroller’s Office in early January 2023. Chair Olsen stated a meeting with the Comptroller would be helpful.

Interim Vice-Chair Jurasek asked if Council has a budget committee. Executive Director Robe advised more conversation has been had with the Finance Committee and the recommendations will be sent to all members of the Council.

Secretary Floss looks forward to continued discussions with Council.

Hearing no additional comments Chair Olsen advanced the agenda to review several financial City updates to be presented by Principal Analyst Bryce Link.

*Review of the Arbitration Award Between the City of Buffalo and the Police Benevolent Association*

Principal Analyst Bryce Link to begin his presentation providing the following overview:

- The Police Benevolent Association (the “PBA”) and the City were out of contract between July 1, 2019 – July 1, 2022.
- The arbitration award was released on July 28, 2022, and included two-years of retroactive increases of 3% on July 1, 2019, and 3.25% on July 1, 2020.
- Impact of arbitration award affects multiple years including 2021-22, 2022-23 and the three out-years of the current financial plan.
- The PBA and the City are currently out of contract as of July 1, 2022 and the current fiscal year 2022-23.
- The total cost of the arbitration award is estimated at \$42.1M.
- The City of Buffalo accrued \$5.3M on a combined basis for fiscal years 2019-20 and 2020-21 for PBA salary increases and corresponding fringe costs.
- The City utilized \$8.9M in resources to address the remaining variance of costs exceeding the amount accrued in the first two years and for costs associated with 2021-22.
- Current year costs will be funded through available budget resources.
- Resources to fund the arbitration increases in the out-years have yet to be identified.

Hearing no comments Principal Analyst Link advanced his presentation.

*City of Buffalo Financial Statement Review for fiscal year-end (“FYE”) June 30, 2022*

Principal Analyst Bryce Link began his presentation with the following overview:

- Total revenues reported were \$548.1M, an increase of \$15.6M as compared to FYE 2021 due to the following changes:
  - Operating revenues increased \$14.3M
    - Intergovernmental revenue increased \$5.5M
      - \$39.1M increase in Tribal-State Compact funds (“TSC”)
      - \$24.6M decrease in ARPA
      - \$19.7M decrease in New York State Aid and Incentives to Municipalities (“AIM”)
      - \$9.7M in increased sales tax collections
    - Tax revenue increased \$4.0M
    - Other financing sources decreased \$1.3M:
- Total expenditures were \$527.3M, an increase of \$9.6M as compared to FYE 2021 based on the following changes:
  - Departmental expenditures increased \$32.2M:
    - Public safety increased \$20.1M (12.7%)
    - General government support increased \$8.7M (14.2%)
    - Street and sanitation increased \$3.2M (27.4%)
  - General Charges increased \$26.4M:
    - Debt service decreased \$25.2M
      - Increase for repayment of deficit notes principal \$24.3M
      - Increase for interest and fiscal charges \$0.9M
    - Fringe benefits increased \$3.5M (2.4%)
  - Interfund transfers out increased \$3.8M
    - \$3.8M increase for debt service

Principal Analyst Link noted the actual revenue of \$548.1M exceeded the final budget of \$538.9M for the second time in since fiscal year (“FY”) 2014-15.

**Budget vs. actual revenues:**

- Total favorable variance of \$9.2M consisting of revenues \$6.8M and other financing sources \$2.4M
  - Favorable budget revenue variance of \$6.8M:
    - \$10.7M favorable variance in intergovernmental revenue
    - \$3.8M favorable variance in property taxes
    - \$2.2M favorable variance in non-property taxes
    - \$1.9M unfavorable variance in service charges
    - \$2.2M favorable variance licenses and permits
    - \$10.3M unfavorable variance in miscellaneous revenue

Individual line items with significant budget variances were identified and discussed. Historical data related to property tax revenue, sales tax revenue and NYS AIM was presented.

Final budgeted General Fund total expenditures totaled \$539.1M as compared to actual of \$546.9M. Budgetary actual expenditures were below final budgets in years 2012-13 through 2019-20. Expenditures exceeded budget in 2020-21.

Significant variance points between General Fund total budgeted expenditures compared to actuals were discussed within in the following categories:

- FYE 2021-22 unfavorable variance for budgeted appropriations of \$7.8M after reporting encumbrances:
  - \$13.2M unfavorable variance in police department due to arbitration award and overtime
  - \$2.6M unfavorable variance in fire department due to overtime
  - \$12.8M favorable variance in fringe benefits; individual fluctuations discussed
  - \$0.6M unfavorable variance in fire department due to overtime
  - \$10.8M favorable variance in all other departments due to vacancies and decrease in expenditures for supplies and services

Total fund balance levels between FY 2021 and FY 2022 were compared. Fund balance increased by \$20.8M on a year-to-year basis.

Nonspendable/Restricted fund balance increased by \$3.7M. Assigned fund balance increased by \$0.7M year-to-year. Committed fund balance increased by \$0.5M is subject to a purpose constraint imposed by Buffalo Common Council. Unassigned fund balance increased \$15.8 million.

The City's other post-employment benefits ("OPEB") liability has decreased by 19.9% since its high point of \$1.6B in FY 2010. The liability at FYE 2022 is \$1.31B.

The Solid Waste and Recycling Fund operated at a loss of \$0.2M. Positive gains have been realized over the previous three years which benefits the long-term receivable of \$15.7M for the General Fund.

Hearing no additional questions or comments Principal Analyst Link advanced to the next report.

#### *Review of City of Buffalo First Quarter Report*

Principal Analyst Link began his presentation. As of September 30, 2022, the City is projecting a FYE surplus of \$5.1M.

Total revenues projection is favorable by \$3.3M:

- \$3.4M projected favorable budget variance in intergovernmental revenue; \$3.1M is attributed to increased sales tax collections
- Other smaller projected variances were briefly discussed

ARPA funds disbursed as of June 30, 2022 were reviewed.

Total expenditure projection is \$1.8M below adopted budget:

- Fire Department projected to exceed adopted budget by \$1.5M due to overtime
- Police Department projected to exceed adopted budget by \$3.0M
  - Remaining departments projected to have favorable budget variances of \$2.7M:
    - Public Works - \$0.7M
    - Administration & Finance - \$0.2M
    - Human Resources - \$0.3M
    - All other departments - \$1.2M
- \$3.6M total budgetary projected favorable variance in General Charges largely attributed to a \$4.7M favorable variance in health insurance, offset by a \$2.1M unfavorable variance in other fringe benefits.
- Transfers Out – no projected variance

As of September 30, 2022, the vacant positions included:

- City employees: 352 vacancies, or 12.8% of the budgeted 2,751 full-time equivalent (“FTE”) employees
- Police: 67 vacancies, or 8.3% of the budgeted 812 FTEs
- Fire: 60 vacancies, or 8.1% of the budgeted 743 FTEs

The City is projecting a year-end surplus of \$5.1M.

- This projection includes \$51.8M in ARPA funds
- It is early in the year and subsequent events could have a significant impact on the City’s operations
- The City is not projecting any budgetary difficulties for 2022-23

Interim Vice-Chair asked for clarification of the ARPA funds expended to date. Of the \$55.4M disbursed as of June 30, 2022, \$51.0M has been used as revenue replacement and the remaining \$4.4M was for other programs. That there is \$51.8M budgeted as revenue replacement in the 2022-23 Adopted Budget. Executive Director Robe confirmed that as correct.

Hearing no additional comments or questions Chair Olsen asked for consideration for a resolution related to the City’s 2023-2026 Financial Plan, which notes the necessary modifications to the City APRA Recovery Plan which predicated the contingent approval of the four-year financial plan remains open and the financial plan is subsequently found to be out of balance. The resolution requires the Mayor to submit a revised City of Buffalo Recovery Plan or other planned actions to balance the Financial Plan. The submission is required no later than January 20, 2023.

Chair Olsen asked for a motion to approve the afore mentioned resolution.

Interim Vice Chair Jurasek provided the motion as requested.

Chair Olsen seconded the motion.



Commissioner Delano Dowell stated the Administration has been in contact with the BFSA and will continue to work with the Common Council to ensure the amount of lost revenue is reflected accurately in the spending plan reported to the Department of the Treasury.

The Board voted 6 to 0 to approve the resolution.

Hearing no additional comments Chair Olsen advanced the agenda.

**Buffalo City School District (“BCSD”)**

*Audited BCSD Financial Statements for the Fiscal Year ended June 30, 2022*

Chair Olsen advanced the agenda for BFSA Senior Analyst Nathan D. Miller to review the District’s audited financial statements as submitted.

Senior Analyst Miller gave the following overview:

- Final budgeted revenues and operating transfers in were \$943.5M which included the appropriation of \$34.6M in fund balance
- Final budgeted expenditures and other uses were \$978.1M
- Actual revenues of \$939.5M were 99.6% of budgeted revenues
  - Actual revenues were \$4.0M lesser than budget
  - Significant variances include:
    - Local Sources: \$12.8M
      - Miscellaneous Local Sources: \$3.9M
      - Erie County Sales Tax: \$8.9M
    - NYS Aid: (\$16.7M)
      - Foundation Aid: (\$2.0M)
      - Transportation Aid: (\$6.6M)
      - Special Services Aid: (\$11.1M)
      - High Cost Aid: (\$3.8M)
      - All Other NYS Aid: \$6.8M
      - Federal Aid: (\$2.6M)

Secretary Floss asked if the unfavorable variance within NYS Foundation Aid indicated that NYS had not fulfilled its promise to fully fund NYS Foundation Aid with a three-year phase-in, as stated within the NYS Enacted Budget. Senior Analyst Miller indicated that this was not the case; the level of funding was established based on earlier student population counts. The \$2.0M unfavorable variance was indicative of an adjustment based on updated data and was therefore just an adjustment. He continued his review.

- Actual expenditures of \$927.6M were 94.1% of budgeted expenditures
  - Actual expenditures were \$50.4 M less than budget
  - Significant variances include:
    - Instruction – Regular School: (\$26.7 M)
      - Teaching – Regular School: (\$8.8 M)
      - Programs for Children with Handicapping Conditions: (\$8.1 M)

- Pupil Services: (\$2.9 M)
- Instruction, administration, and improvement (\$2.8 M)
- General Support: (\$12.1 M)
  - Central Services: (\$9.4 M)
- Employee Benefits: (\$8.9 M)
  - Active & Retiree Healthcare (\$6.3 M)
- Pupil Transportation: (\$2.7 M)

Senior Analyst Miller stated total fund balance for FYE 2022 was \$324.6M, an increase of \$11.9M resulting from the surplus reported at FYE.

- Assigned fund balance at FYE 2022 is \$187.7M and categories of notable change:
  - Fund balance set aside for OPEB has increased by \$0.9M to a total of \$70.0M
  - American Rescue Plan Act (“ARPA”) Continuation of \$30.0M

OPEB payments are budgeted annually without accrual and are paid on an as-you-go basis. At FYE 2022, the actuarially accrued liability (“AAL”) totaled \$21,733.2M, a decrease of \$752.3M as compared to FYE 2021 due mainly to the impact of recently settled collective bargaining agreements.

#### *BCSD 2022-23 First Quarter Review*

Senior Analyst Miller began his review with the following highlights:

- July 14, 2022 - The Board of Education appointed Dr. Tonja M. Williams as Superintendent
- August 17, 2022 - The Board of Education approved several Exempt employees’ salary adjustments and an Exempt raise proposal (Amended August 31, 2022)
- June 22, 2022 – September 21, 2022 - The Board of Education ratified four labor agreements
  - June 22, 2022 - PCTEA (white-collar employees/security officers)
    - BFSFA estimated a \$1.3M CFY net cost (GF)
  - July 20, 2022 - BCSEA (union administrators)
    - BFSFA estimated a \$3.7M CFY net cost (GF)
  - August 17, 2022 - Cook Managers
    - BFSFA estimated a \$0.1M CFY net cost (FSF)
  - September 21, 2022 - Operating Engineers
    - BFSFA estimated a \$4.3M CFY net cost (GF)

The Board of Education Finance and Operations work group indicated that a revised FY 2023-2026 Financial Plan will be submitted to the full Board of Education at an upcoming meeting.

July 1, 2022 – September 30, 2022 - The District continued to experience labor shortages in several critical areas including transportation, instruction, building management, and administration.

The District's 2022-23 budget was adopted with revenues at \$985.5M and expenditures at \$1,019.1M; a \$34.6M deficit is the result. The projected revenues for FYE 2022-23 are \$986.5M and expenditures are projected at \$1,019.1M; a \$32.6M deficit is currently projected by the District.

- Erie County Sales Tax
  - \$1.0 M favorable at CFYE
  - District typically underestimates this revenue source
- NYS Aid
  - The District has forecast NYS Aid to be consistent with the FY 2022-23 Adopted Budget (pending NYSED SAMS update)
  - BFSA believes that an unfavorable budgetary variance at FYE may occur based on actual pupil enrollment

Interim Vice-Chair Jurasek asked when the student count is taken for budgetary purposes. Sr. Analyst Miller replied the headcount is taken mid-fall on BEDS (Basic Education Data System) day for District public and charter schools and is anticipated to be lower. It was noted that District enrollment is down comparing 2021-22 school year-end to 2022-23 first quarter enrollment. Secretary Floss stated there are several studies on 20% of missing students between the ages of 16 to 21 not being captured at school or work. Interim Vice-Chair Jurasek questioned the static total teacher FTE as compared to a declining student population and its pressure on the budget. Chair Olsen stated the overestimation of teachers is necessary to address the drop in learning over the last two years due to COVID among lower income students. Secretary Floss suggested a BFSA subcommittee on Education might be advantageous to address the socio-economic impact such as, suspensions, the learning gap and student attendance. Chair Olsen agreed and stated a subcommittee would be helpful the BFSA in its effective oversight of the District's budget, especially in light of the tenuous labor negotiations with the Buffalo Teachers Federation ("BTF").

Chair Olsen asked for a motion for Executive Director Robe poll BFSA Directors for their interest in working on an Education subcommittee to review issues on learning deficits, enrollment and staffing.

Secretary Floss made the motion as requested.

Chair Olsen seconded the motion.

The Board voted 6 to 0 to approve.

Hearing no additional questions or comments Chair Olsen advanced the agenda.

### **Buffalo Urban Renewal Agency ("BURA")**

#### *Review of 2022 Financial Statements*

Principal Analyst Bryce Link began his presentation with the following summary:

- BURA is a component unit of the City

- Fund balance at June 30, 2022:
  - Total fund balance = \$9.7 million
  - General Fund = \$8.8 M
    - \$3.1 million nonspendable
    - \$103,944 restricted
    - \$5.6 million unassigned
    - Increase of \$0.3M
  - Community Development Building Grant (CDBG) Fund = \$97,373 nonspendable
    - No change year-to-year
      - Represents real estate acquired for resale
  - Non-Major Funds = \$0.8M
    - \$16,640 nonspendable
    - \$823,871 restricted
- 2022 Total Expenditures (fund level) = \$54.7M
  - Federal grant expenditures = \$54.1M (98.9%)
    - Majority is Section 8 Housing of \$39.2M (72.5%)
    - CDBG expenditures = \$6.4M (11.8%)
    - CDBG-CV (CARES Act funding) expenditures = \$3.2M (5.9%)
    - HOME Program = \$4.1M (7.6%)
- 2021 Total Expenditures (fund level) = \$50.8M
  - Federal grant expenditures = \$50.1M (98.6%)
    - Majority is Section 8 Housing of \$39.3M (77.6%)
    - CDBG expenditures = \$6.6M (13%)
    - HOME Program = \$2.8M (5.5%)
- A year-to-year increase in Federal grants revenue of \$3.1M(6.2%)
  - CDBG decreased \$225,293, or 3.4%
  - CDBG-CV increased \$1.9M, or 146.7%
  - Section 8 Housing decreased \$0.1M, or 0.3%
  - HOME program increased \$1.3M, or 48.7%
- A year-to-year decrease in collection of program loans of \$0.5M (37.2%)
  - CDBG decreased \$533,734 (45.5%)
  - All other reflects a net increase of \$51,028 (41.0%)
- A net decrease of \$0.1M in public service and human service programs (i.e., Section 8)
- A year-to-year increase of \$1.3M in rehabilitation and preservation activities
  - HOME programs increased \$1.3M, or 21.7%
  - CDBG and general fund expenditures decreased \$0.1 million, 2.3%
  - All other non-major funds increased \$129,202 on a net basis
- A year-to-year increase of \$2.7M, or 56.6%, for planning, management, administration and economic development activities

## Summary

- Current year findings include restatement of OPEB liability, due to a significant reporting error. There was a significant decrease of \$9.7M to \$8.8M year-to-year
- Comments and recommendations of formalized written policies for BURA:
  - Formalized Loan Write-Off Procedures
  - Financial Accounting System Capabilities

- Compensated Absences
- BURA should annually review user access authority to the accounting system, as recently terminated employees still had user access to the system, but did not have VPN authority to connect

*Review BURA First Quarter 2022-23*

Mr. Link began his review of program year 48 HUD allocations as follows:

- CDBG \$13.3M:
  - BURA \$6.9M
  - City \$6.4M
- HOME \$3.8M
  - BURA \$3.8M
- Emergency Shelter Grants (“ESG”) \$1.2M:
  - City \$1.2M
- Housing Opportunities for Persons With AIDS (“HOPWA”) \$922,845
  - City \$929,845

As of September 30, 2022:

- Revenues will approximately equal expenditures at year-end
- Variance to expenditures through first quarter are (\$2.8M)
  - \$3.3M expended
- Year 48 funds are expected to be released in December 2022
  - Prior year funds utilized to fund current year expenditures to date
- 28 out of 41 positions filled; 13% vacancy rate
- Salaries and fringe benefits total \$0.8M, \$0.1M favorable variance
- BURA has received significant additional federal funds including:
  - CDBG-CV (CARES Act funding)
  - ARPA federal funds from City
  - Lead Hazard remediation funds
- BURA continues to look for additional revenue sources:
  - Cities RISE
  - Local Initiatives Support Corporation
  - Evans Bank
- Actual revenues were below budget by \$2.3M
- Actual expenditures were below budget by \$2.8M

It was noted that revenues and expenditures are timing related as contractors are required to file reimbursement requests that may be captured in subsequent quarters. The number of vacancies, which BURA is actively seeking to fill, also affects BURA’s timeliness of disbursements.

Chair Olsen noted that need for BURA to operate at maximum capacity has never greater due to the rising cost of rentals. Hearing no additional comments or question Chair Olsen advanced the agenda.

**Buffalo Municipal Housing Authority**

*Review FY 2022-23 First Quarter*

Sr. Analyst Nathan Miller began his presentation noting the BFSA finding related to the review of the four-year financial plan, in which the Marine Drive plan was found to be out of balance:

- A four-year deficit of \$1.0 M is projected with a \$1.8 M total cash outflow projected over the same period
- BMHA Response –
  - Applied to the NYS Homes and Community Renewal to increase Marine Drive's flat rents, potentially yielding \$250,000 in additional annual dwelling income (pending approval - implementation targeted for 4/23)
  - Designate 200+ apartments as project-based housing voucher (Section 8) units, potentially yielding an additional \$0.8M in annual revenues (pending approval)
- BFSA Recommendation
  - BFSA previously recommended that BMHA prepare a contingency plan to reduce costs where possible in the event actual losses create a need to implement a revised operating program. In the event New York State does not approve these items, a plan will need to be developed

As of September 30, 2022, total revenues have an unfavorable variance of (\$0.1M) because revenues coming mainly from dwelling income; expenses were on budget.

Consolidated revenues include HUD Subsidy, Net Dwelling, HUD PHA Grants, All Other Revenues and Transfers from Capital Grants budgets which were budgeted-to-date at \$13.7M. Actuals revenues-to-date were \$13.9M at September 30, 2022. Net dwelling income was favorable by \$400,000.

Consolidated expenditures were favorable at \$12.5M at September 30, 2022 as compared to the budgeted \$13.0M. The 17.9% vacancy rate was the major contributor to the first quarter savings. Most of the vacancies were blue collar AMP positions.

### *Conclusions*

- Total revenues were greater than the budget-to-date by \$0.2M including \$0.4M in net dwelling income and \$0.3M in PHA grants
  - BFSA believes rental receipts are potentially underbudgeted, as 2022-23 is the first full FY since 2018-19 wherein a governmentally-imposed eviction moratorium has not been in place
- Total expenses were favorable overall by \$0.5M
  - Utilities were over the budget-to-date amount by \$0.1M
    - This is not significant on an aggregate basis but may become so depending on the winter's severity
- BMHA has taken steps to address the structural deficits within the Marine Drive Adopted Budget and Financial Plan. The planned rental increases at the Marine Drive Apartments are anticipated to begin in April 2023. This action would have a minimal impact on the current fiscal year but would have a run rate of \$250,000 annually thereafter.
- BMHA is actively working to identify Marine Drive tenants who are eligible for project-based Section 8 Housing Choice Vouchers. BMHA estimates that this action would

increase Marine Drive rental receipts by up to \$0.8 M. The impacts from these two combined actions would be sufficient to address the annual structural deficits within the Marine Drive Adopted Budget and Financial plan if actualized at the projected amounts.

Hearing no comments or questions Chair Olsen advanced the agenda.

**Privilege of the Floor**

Chair Olsen was advised by BFSA staff that there no members of the public were present for comment.

**New Business**

Chair Olsen asked if there were any additional items to discuss. Hearing none, the business portion of the was concluded and a request for adjournment.

**Adjournment**

Director SanFilippo made a motion to adjourn.

Secretary Floss seconded the motion.

The Board adjourned by consensus at 2:43 PM.